

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the	)	
	)	
PUBLIC UTILITIES COMMISSION	)	DOCKET NO. 03-0371
	)	
Instituting a Proceeding to	)	
Investigate Distributed Generation	)	
in Hawaii	)	
_____	)	

HESS MICROGEN, LLC'S

POST-HEARING RELPY BRIEF

and

CERTIFICATE OF SERVICE

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**HESS MICROGEN LLC’S REPLY BRIEF**

TO THE HONORABLE PUBLIC UTILITIES COMMISSION OF THE STATE OF HAWAII:

HESS MICROGEN, LLC (“Hess”) hereby respectfully submits its post-hearing Reply Brief in the above-referenced Docket to the Hawaii Public Utilities Commission (“Commission”) pursuant to Prehearing Order No. 20922.

***1. Fair and Timely Interconnection Standards:***

In its post hearing Opening Brief, Hess discussed the important of fair and timely interconnection standards. Therefore, Hess would respectfully disagree with Hawaiian Electric Company, Inc., Maui Electric Company, Limited, and Hawaii Electric Light Company, Inc. (Collectively, the “HECO Companies”) with its statement in its Opening Brief that, “Because of the case-by-case specifics that interconnection of a DG unit requires, it is not possible to provide a generic timeframe for the completion of an interconnection agreement as elements of the interconnection are controlled by the customer, not by HECO.”<sup>1</sup> There are many elements in the interconnection process that are directly controlled by HECO. Hess reiterates its position that, “[t]he total

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<sup>1</sup> HECO’s Opening Brief at 112.

interconnection study should take no longer than four to six months. If the process takes longer, applicant should have a process to file a complaint with the Commission. In order for the complaint process to be effective, however, the Commission must review the complaint expeditiously.”<sup>2</sup>

Therefore, Hess has recommended to the Commission the implementation of a queuing system in which both non-utilities’ and utilities’ projects would be subject to.<sup>3</sup> Additionally, Hess recommended to the Commission “. . .that upon a non-utility DG provider providing the utility with the information required under Rule 14H, the non-utility DG provider would receive an acknowledgment from the utility and the clock would start for the processing of the application. Also, Hess suggested that the non-utility DG provider have the option of receiving expedited interconnection service by paying for a dedicated engineer to evaluate its project.”<sup>4</sup>

## ***2. Standby Charges, if any, Must have a Set Method for Its Calculation:***

Hess in its Opening Brief, advocated that, “There should be no standby charge because under the HELCO system, customers are already being charged a ratcheted demand charge and thus, the standby charge results in the DG customer being doubled charged.”<sup>5</sup> In lieu of having a standby charge, the utility should “. . .set a minimum KWH so that the present share of total fixed cost borne by this customer class is unchanged, but have a rate structure which, while keeping utility whole and keeping the other customers unaffected, gives you an incentive to reduce your KWH[.]”<sup>6</sup> In support

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<sup>2</sup> Hess’ post hearing Opening Brief at 5. Also, Hess, borrowing from Hawaii Renewable Energy Alliance (“HREA”) would also add that the process cannot be cost prohibited. HREA’s Opening Brief at 14.

<sup>3</sup> Hess’ post hearing Opening Brief at 3.

<sup>4</sup> Ibid. at 4.

<sup>5</sup> Ibid. at 5.

<sup>6</sup> See Hearing Transcripts at Vol. II, p. 260, lines 13-19.

of this argument and in an effort to understand HECO/MECO/HELCO's rate structure, Hess requested, and HECO/MECO/HELCO agreed to do, a calculation from HECO/MECO/HELCO.<sup>7</sup> To date, Hess has not received said calculation and, thus, reserves its right to supplement its Reply Brief to comment on such calculation once it receives it.<sup>8</sup>

### ***3. Hess Supports Regulated Utility Ownership:***

Throughout this Docket, Hess has maintained its position that DG projects should be owned and operated by both regulated electric utility companies ("utilities") and non-utility providers to provide customers with the most options.<sup>9</sup> The utilities and non-utility companies offer customers distinct options in regards to ownership, installation, maintenance, and rates.

The participation of the utilities will most likely increase the amount of DG systems deployed and would have their rates and services regulated by the Commission.

The participation of non-utility providers will provide customers with an alternative to the utilities, so that the customer can select the provider that will best meet their needs for reliable power at a fair cost. Also, non-utility providers provide customers the option of having the meter on their side.

### ***4. Conclusion:***

Hess commends the Commission in its initiative in opening this Docket and believes that CHP in Hawaii is viable and feasible. That being said, Hess would respectfully suggest that in order for competition between non-utility owned projects and utility owned projects (or affiliated owned projects) is evenhanded the Commission must

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<sup>7</sup> Ibid. at Vol. III, p. 84, lines 7-14. Also, see ltr. to T. Williams from S.A. Wong, dated 2/14/05.

<sup>8</sup> See ltr. to Commission from S.A. Wong, dated 3/3/05.

insure: (i) Fair and timely interconnection standards; (ii) Standby charges, if any, must be applied equally to all and there must be a set method for its calculation; (iii) Customer Retention Discounts and other specials by the utilities to customers should not be allowed; and (iv) Rules and procedures to prevent anti-competitive pricing.

Respectfully submitted.

DATED: Honolulu, Hawaii, March 28, 2005

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SANDRA-ANN Y.H. WONG  
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Hess Microgen, LLC

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<sup>9</sup> See Hess' Preliminary Statement of Position.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served copies of the Post-Hearing Reply Brief of Hess Microgen, LLC upon the following parties, by causing copies hereof to be mailed, postage prepaid, and properly addressed to each such party as follows:

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